REMARKS

Applicants have amended claims 1, 16, and 21-22. In addition, Applicants have added claims 26-28. Claims 1-28 are now pending in this application.

In the Office Action dated December 2, 2003, the Examiner rejected claims 1-18 and 21-25 under 35 U.S.C. § 102(e) as being anticipated by Basch et al (U.S. Patent 6,119,103) ('103). In addition, the Examiner has rejected claims 19 and 20 under 35 U.S.C. § 103(a) over Basch.

Applicant's remarks, below, may be preceded by quotations of related comments of the Examiner, presented in small bold-face type:

> **Claims 1-18 and 21-25 are rejected under 35 U.S.C. 102(e) as being anticipated by Basch et al ...**

The undersigned has reviewed the December 2, 2003 Office Action and respectfully traverses all rejections for the reasons set forth herein and has addressed each of the Examiner's concerns in the currently pending claims. The undersigned respectfully requests that all pending claims be allowed.

Prior to discussion of the merits of the rejections, some brief comments reviewing the invention may be helpful. In general, the present invention is directed to facilitating the identification, investigation, assessment and management of legal, regulatory, financial and reputational risk associated with domestic and global commercial activities of financial firms.

In assessing the viability of a proposed financial or business transaction, financial institutions must identify and evaluate a number of factors indicative of the present or potential risks posed by a proposed transaction. The risks relevant to a financial institution's determination of whether to conduct a particular transaction, open or maintain an account for a client are not strictly financial, such as the monetary exposure of a financial institution for a given transaction. Rather, these risks are multifaceted and may derive, for instance, from the

failure to strictly adhere to rules of regulatory bodies, or from the reputational harm that could result to the professional standing of a financial institution in the industry. Consideration of all these risk factors requires financial institutions to undertake significantly burdensome inquiries since the amount of information that must be reviewed is often substantial and not immediately available to financial institutions' personnel in charge of conducting such inquiries. This burden imposed on financial institutions can be exponentially increased when the institution must assess the risks associated with an international transaction or an international client, particularly in light of financial institutions' "know your customer" obligations under U.S. laws.

The present invention can be used by financial or other institutions as an automated global risk management system, through which companies can gather, maintain, and evaluate all or some of the variables that may constitute a potential risk for a financial institution. Generally, the present invention facilitates the execution of these operations in real time by maintaining a database receiving data relating to one or more potential risk factors, structuring the information received and generating risk quotients for a proposed transaction or account. Based on the risk variables and risk quotient, the present invention can give guidance as to how to proceed by presenting a suggested action commensurate with the risk quotient. This system can be very useful to a financial institutions for swift management of risks associated with proposed financial transactions.

Prior to discussion of the merits of the rejections, Applicant respectfully submits that the present invention was submitted with only 25 original claims and not "1-32" as indicated by the Examiner in item 1 of the Office Action:

> **1. Original claims 1-32 have been examined..**

Applicant has amended independent claims 1, 16, and 21-22 to specifically utilize terminology present in the specification and clarify the claimed invention. Specifically, Applicant has amended independent claims 1, 16, and 21-22 to indicate that a risk quotient comprises a scaled numeric or alpha-numeric value. In addition, the Applicant has included

language to more clearly relate the claims to the technological arts. Claims 26-28 limit claim to specific types of risk, as presented in the specification (see p. 1 line 31 to p. 2 line 11)

Applicant respectfully submits that no new matter has been added, that the amendments have been made in good faith and that Claims 1-28 are in proper form for allowance.

A. 35 U.S.C. § 102

The Examiner has rejected claims 1-18 and 21-25 under 35 U.S.C. § 102(e) as being anticipated by Basch et al ('103).

Basch et al. is specifically directed to and the description focused on a system and method for predicting and assessing only the financial risk that may be associated with a financial transaction of an already existing account holder, or with a first issued account. The Basch et al. system and method require that at least one first credit account issues to an account holder by a credit account issuer. The risk is calculated by monitoring the transactions made by the account holder in one or multiple accounts held with one or multiple account issuers. A score is then formulated for an account, and when such account score goes below a predefined financial risk threshold, a warning may be transmitted to one or more account issuers. The warnings are issued to enable account issuers mitigation of further financial losses.

The Basch et al. invention, however, is not directed to a system and method enabling a financial institution a pre-assessment of the financial risks that may be involved with a proposed transaction or with the opening of an account. Review of the Basch et al. patent shows that its system and method is intended to improve fraud or insolvency detection of account holders that may get around existing credit bureaus reporting, by maxing out all accounts prior to the billing cycle and then filing for bankruptcy or otherwise avoiding repayment.

The Basch et al. method attempts to overcome the flaws of present credit bureaus reporting systems by issuing warnings directly at the account issuer's level, but only if a certain minimum treshold is reached. The transaction scoring method described in the Basch patent is based primarily on scoreable transaction patterns, where the scoreable transactions relate to

events associated at least with a first issued account, and relevant only to the assessment of financial risk.

The Basch et al. patent, however, in no way teaches or suggests any methods or systems related to the identification and evaluation of regulatory risk, financial risk, reputational risk and legal risk associated with a proposed financial transaction due to identification of multiple risk variables. Furthermore the Basch et al. patent does not in any way teach a method by which such risks, including financial risk, may be calculated prior to the opening of an account, because the risk score generated in Basch et al. is strictly based on transaction or event patterns relating to an account holder and developed from transactions already performed on one or multiple accounts. (See col. 20, lines 62-67; col. 22, lines 12-15; col. 23, lines 46-55; col. 24, lines 34-43).

Applicants respectfully submit that the Basch et al. invention as claimed and described in the patent contains no elements of anticipation of a computerized risk management method and system for facilitating analysis and quantification of risk associated with a proposed financial transaction.

Turning to the rejection at hand, the Examiner has grouped together pending claims 1, 16, 21 and 22 in a common rejection without specifying the merits of each rejection and broadly referencing claims 1, 2, 19 and 29, as well as Figure 1 and the Abstract of the Basch et al. patent. Applicant respectfully submits that the Examiner has failed to comply with the requirements of MPEP § 706 which directs Examiners "to clearly articulate any rejection early in the prosecution process so that the applicant has the opportunity to provide evidence of patentability and otherwise reply completely at the earliest opportunity." See MPEP § 706 (Eight Edition 2001).

Instead, by grouping together the foregoing rejections, the Examiner has rendered his grounds for rejection based on anticipation unintelligible, and has left Applicant to guess at what part of the prior art supports the rejection. While Applicants believe to have been deprived of the opportunity to provide a meaningful response to each of the rejections, Applicants heretoforth respond to said rejections in order to expedite examination of the present application. For example, the Examiner states that Basch

> teaches a computer-implemented method [and] computerized system ... for managing risk related to a financial transaction

See Office Action, Item 3.

However, review of the Basch et al. patent reveals that it does not in any way describe or claim a method or system for "**managing risk** related to a financial transaction" and that instead it is limited to a method and system for predicting or assessing "financial risk." (emphasis added)

In addition, the Examiner states that the Basch et al. method comprises the steps of:

> gathering data related to risk variables for a financial transaction; receiving information relating to details of a financial transaction; structuring the information received according to risk quotient criteria; and calculating a risk score referencing the structured information and the gathered data.

The Applicant respectfully submits that the Examiner has done no more than reciting the claim elements of Applicant's invention *verbatim*, and that these elements are not contained in any of the claims of the Basch et al. patent.

As the Federal Circuit instructs "anticipation requires the disclosure in a single prior art reference of each element of the claim under consideration." W.L. Gore & Assocs. V. Garlock, Inc., 721 F.2d 1540 (Fed. Cir. 1983). Furthermore, the prior at reference must disclose each element of the claimed invention "arranged as in the claim." Lindermann Maschinenfabrik GmbH v. American Hoist & Derrick Co., 730 F.2d 1452 (Fed. Cir. 1984). When the steps of a method are claimed, and they are more in number than those of the method claimed in the allegedly anticipatory reference, there can be no anticipation. See Systemation, Inc. v. Engel Indus., Inc., Civ. App. No. 98-1489, 1999 U.S. App. LEXIS 3849 (Fed. Cir. Mar. 10, 1999) (table) (attached as Appendix 1).

Thus, in order for the present rejection under 35 U.S.C. 102(e) to be proper, the Basch et al. reference "must clearly and unequivocally disclose the claimed [invention] without any need for picking, choosing, and combining various disclosures not directly related to each other by the teachings of the cited reference." In re Arkley, 455 F.2d 586, 588 (C.C.P.A. 1972).

First, neither Claim 1, 2, 19, 29 or Fig. 1 or the Abstract of the Basch patent in any way claim a method including the step of "gathering data related to risk variables for a financial transaction." Thus, based on this element alone independent Claims 1 and 22 cannot be anticipated because they claim a method comprising the foregoing step, which is a step additional to those required by the Basch et al. patent.

Similarly, independent Claims 16 and 21 claim respectively a computerized system comprising "executable software stored on the server and executable on demand, the software opeartive with the server to cause the system to: gather data related to risk variables for a financial transaction," and a computer program code "comprising instructions for causing the computer to: gather data related to risk variables for a financial transaction." See Borch et al., Claims 16 and 21 (emphasis added) A review of the Basch patent shows that neither Claim 1, 2, 19, 29 or Fig. 1 or the Abstract contain the described element as would be required in order for the prior art reference to anticipate the present invention.

Accordingly, because independent Claims 1, 16, 21 and 22 of the present invention contain an additional step or element not present in Basch, anticipation cannot be found.

Secondly, the information that needs to be received under the Basch et al. method is limited to a plurality of transactions made on a particular credit account which must already be existing. In the present invention the step of receiving information containing the details of a financial transaction is not similarly limited and instead it refers, as explained in the specification, to a particular financial transaction that is under consideration by the financial institution, regardless of whether an account has already been issued.]

Third, in the present invention the information received regarding a particular financial transaction is then automatically structured by the Global Management Server according to predefined criteria, or may even be received in a pre-structured format, which would then allow the server to skip the post receipt data structuring and proceed with the calculation of the risk quotient. A review of the Basch et al. patent discloses no limitation or description of any data or information structuring relative to a particular financial transaction.

Fourth, the present invention calculates a risk quotient for a particular financial transaction based on the structured information and the gathered data. Instead, in Basch et al. the transaction data is not scored to determine a transaction risk quotient, rather it is scored to determine a transaction pattern which in turn yealds a score for a given credit account. Thus the significant score of the Borch et al. potent is specifically that associated with the credit account, because the purpose of the method is to enable the issuance of warnings to account issuers in the event a given account falls below a predetermined score treshold, and not determining a risk quotient for a transaction.

In rejecting Claims 1, 16, 21 and 22 of the present invention, the Examiner has further indicated that he has interpreted the calculation of the "risk quotient" claimed in the present invention as being included in the calculation of the "risk score" claimed in Basch et al., and thus anticipated.

Applicants respectfully traverse this rejection, and hereby incorporates the arguments set forth above. In attempting to apply prior art to the pending claims, the Examiner has misconstrued the Applicant's invention as well as the prior art reference. Furthermore, the Examiner has constructed this rejection by impermissibly extracting terms out of a claim in an attempt to find anticipation.

As noted above, it is a well established rule that anticipation under 35 U.S.C. § 102(e) requires the prior art reference to disclose each and every element of a claimed invention, either expressly or inherently. Lindermann Maschinenfabrik GmbH v. American Hoist & Derrick Co., 730 F.2d 1452 (Fed. Cir. 1984). Instead, here, the Examiner has impermissibly taken the terms

of the claims out of context and outside of the limitations of the claim to which these terms are necessarily tied. For instance, with respect to the "risk score" limitation, Claim 1 of the Basch et al. patent claims, in relevant part:

> **A computer-implemented method for predicting financial risk, the computer-implemented method comprising:**
>
> **Scoring said transaction data, wherein scoring said transaction data includes scoring a transaction pattern ascertained from said transaction data based on a preexisting model to form a score for said credit account, the transaction pattern being indicative of a pattern associated with the plurality of transactions for the credit account, said transaction pattern being arranged to include events that impact the financial risk.**

Initially, the Applicants respectfully point out that the term "risk score" as used by the Examiner is not present in the foregoing claim, nor in any other claim cited by the Examiner. Furthermore, the Federal Circuit has held that a "wherein" clause in a claim must be considered a limitation of the claim. Griffin v. Bertina, 285 F.3d 1029 (Fed. Cir. 2002). As the Federal Circuit explained, "wherein" clauses must be given limiting effect because they clarify what is required by the count. Accordingly, Claim 1 of the Basch et al. patent is limited to and requires, *inter alia*, that the scoring of the transaction data include the scoring of "transaction patterns" to determine "a score for [a] ...credit account." Furthermore, the limiting effect of the "wherein" clause precludes a finding that the scoring method claimed in Basch et al. be interpreted to include "calculating a risk quotient referencing the structured information and the gathered data" of the present invention, as stated in the Examiner's rejection.

For the foregoing reasons, independent Claims 1, 16, 21 and 22 of the present invention are not anticipated by Basch et al. and Applicant respectfully requests that they be allowed. In addition, because claims 2-15, 17-18 depend on and, therefore, respectively include all of the limitations of Claim 1 and Claim 16, it is respectuflly submitted that claims 2-15 and 17-18 are likewise not anticipated by Basch et al. and, accordingly, should also be allowed. For similar reasons, new claims 26-28 should also be allowed.

With reference to Claim 23, the Examiner has rejected it citing the Abstract, Figure 1, and claims 1, 2, 19, and 29 of the Basch et al. patent. Once again, the Examiner has done no more than reciting the Applicant's claim *verbatim*, without any explanation of the grounds for his rejection which are not readily apparent in the cited portions of the Basch et al. reference. Accordingly, the Applicant hereby incorporates by reference all of the preceding arguments and further submits that none of the cited portions of the Basch et al. patent is anticipatory of Claim 23 of the present invention.

The Basch et al. financial risk prediction system and method requires a receiving mechanism capable of receiving transaction information associated with an existing credit account, which mechanism must communicate with an authenticator that validates the transaction received in the receiving mechanism. Basch et al. also provides that once the transaction data is received and authenticated, then a scoring mechanism generates a score for the account holder, which score is in turn submitted to an evaluator for comparison with a predefined financial risk treshold. The system must also include a transmitter, which is used to transmit the score generated for an account holder to the account issuer. Basch et al., however, does not describe, teach or suggest a method in which a network access device can be used to manage risk relating to financial transaction, by interacting "with a risk management server" or "receiving a risk quotient indicative of a level of risk associated with the transaction," as recited in claim 23. In view of the foregoing, it is respectfully submitted that independent Claim 23, and likewise Claims 24-25 dependent on Claim 23, are not anticipated by Basch et al. and Applicant respectfully requests that pending Claims 23-25 be allowed as submitted.

B. 35 U.S.C. § 103

The Examiner has rejected claims 19 and 20 under 35 U.S.C. 103(a) over Basch et al. Applicant respectfully traverses the rejection and requests allowance for claims 19 and 20.

To support a rejection under 35 U.S.C. 103(a), the Examiner must show that one or more references describe each element of each of the pending claims. In addition, the Examiner must show a teaching of each element of each dependent claim.

The Applicants do not believe that this has been done by the Examiner, nor is it shown in Basch et al. As discussed *supra*, the Examiner has failed to show how independent Claim 16 is anticipated by Basch et al. Accordingly, claims 19 and 20, which depend on and, therefore, incorporate all of the elements of claim 16, are likewise not anticipated by Basch et al. Furthermore, the Applicants traverse the Examiner's factual assertion that personal computers and wireless handheld devices are well known network access devices and thus they would have been obvious additions to the disclosure of Basch. The Applicant traverses that such disclosures as recited in claims 19 and 20 are well known in the art. Furthermore, the foregoing facts have not been properly officially noticed by the Examiner, because they lack any support in the record or otherwise.

The Basch et al. patent does not disclose a system in which a computer server is accessed via a communications network. Accordingly, lacking a communications network it would not have been obvious to add a personal computer or handheld device in order to communicate the global risk management computer server, as disclosed and claimed in the present invention.

Furthermore, the Federal Circuit has held that "it is never appropriate to rely solely on 'common knowledge' in the art without evidentiary support in the record, as the principal evidence upon which a rejection [is] based." MPEP § 2144.03(B) (*citing* In re Zurko, 258 F.3d 1385 (Fed. Cir. 2002) ("holding that general conclusions concerning what is 'basic knowledge' or 'common sense' to one of ordinary skill in the art without specific factual findings and some concrete evidence in the record to support these findings will not support an obviousness rejection," See MPEP § 2144.03(B)).

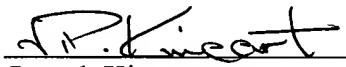
The Applicants, therefore, traverse all of the rejections based upon 103(a), and respectfully requests that claims 19 and 20 be allowed

CONCLUSION

In consideration of the foregoing remarks and amendments, allowance of this application, as amended, is courteously urged.

Respectfully submitted,

Date: February 10, 2004



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